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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35933]

Watco Holdings, Inc.—Continuance in Control Exemption—Lubbock and Western Railway, L.L.C.

Watco Holdings, Inc. (Watco), a noncarrier, has filed a verified notice of exemption pursuant to 49 C.F.R. § 1180.2(d)(2) to continue in control of Lubbock and Western Railway, L.L.C. (LWR), upon LWR's becoming a Class III rail carrier. Watco owns, indirectly, 100 percent of the issued and outstanding stock of LWR, a limited liability company.

This transaction is related to a concurrently filed verified notice of exemption in Lubbock & Western Railway—Acquisition & Operation Exemption—West Texas & Lubbock Railway, Docket No. FD 35932, wherein LWR seeks Board approval (1) to acquire and operate approximately 9.5 miles of rail line and to lease approximately 134.75 miles of rail line from West Texas and Lubbock Railway Company, Inc., and West Texas and Lubbock Railroad Company, Inc. (WTLR), between specified points in Texas; and (2) to acquire by assignment approximately 5 miles of trackage rights that WTLR currently has over BNSF Railway Company's line between Canyon Jct., and Broadview, Tex.

The transaction may be consummated on or after June 20, 2015, the effective date of the exemption (30 days after the notice of exemption was filed).

Watco is a Kansas corporation that currently controls, indirectly, 30 Class III rail carriers and one Class II rail carrier, collectively operating in 22 states. For a complete list of these rail carriers, and the states in which they operate, see Watco's notice of exemption filed on May 21, 2015. The notice is available on the Board's website at "WWW.STB.DOT.GOV."

Watco represents that: (1) the rail lines to be operated by LWR do not connect with any of the rail lines operated by the carriers in the Watco corporate family; (2) the continuance in control is not a part of a series of anticipated transactions that would result in such a connection; and (3) the transaction does not involve a Class I carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. § 11323. See 49 C.F.R. § 1180.2(d)(2).

Watco states that the purpose of the transaction is to reduce overhead expenses, coordinate billing, maintenance, mechanical, and personnel policies and practices of its rail carrier subsidiaries, and thereby improve the overall efficiency of rail service provided by the railroads in the Watco corporate family.

Under 49 U.S.C. § 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Because the transaction involves the control of one Class II and one or more Class III rail carriers, the transaction is subject to the labor protection requirements of 49 U.S.C.

§ 11326(b) and Wisconsin Central Ltd.—Acquisition Exemption—Lines of Union Pacific Railroad, 2 S.T.B. 218 (1997).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed by June 12, 2015 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35933, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Karl Morell, 655 Fifteenth Street, N.W., Suite 225, Washington, DC 20005.

Board decisions and notices are available on our website at “WWW.STB.DOT.GOV.”

Decided: June 2, 2015.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.